

# Annual Report by Preneed Seller for Calendar Year 2009

## Questions and Answers

### COVER SHEET

1. Q. What date should be input?  
A. The date that the report is being submitted electronically online through the SBS Connect system is the date that is to be input.
2. Q. What name am I to provide for the name of the Preneed Seller?  
A. You are to provide the name that the Preneed Seller (business entity) is licensed as.
3. Q. What license number do I provide for the Preneed Seller License Number?  
A. You are to provide either the initial license number issued by the Regulated Industries Unit (RIU), which starts with "PS-", or you may provide the Preneed Seller's SBS Tracking ID number that has recently been provided to you.
4. Q. What mailing address should I provide?  
A. You are to provide the actual mailing address of the business entity; which is not always the same as the location address.
5. Q. Are individual/separate annual reports required to be filed for each additional location of the business entity?  
A. No, all business locations that are licensed under the (same) applicable license number are to be included in the same annual report. All of these locations are to be named on the report, with the data for each location being reported on separate/individual exhibit forms, with a separate spreadsheet (tab) for each location, and then all of the exhibits being submitted together as one report.
6. Q. Is the \$20 contract fee due and payable on all contracts?  
A. No, the \$20 contract fee is only due and payable on all *new* contracts written during the 2009 calendar year. This fee is not required to be paid when adding additional money to *existing* contracts.
7. Q. Is the \$5 Sales Agent fee only due and payable for new employees/appointees during 2009?  
A. No. The \$5 Sales Agent fee is due and payable for each licensed employee appointed to sell preneed products/merchandise for the business entity at any time during 2009, whether the agent is new or retained. This fee applies even if the employee/appointee is no longer working for the business entity.
8. Q. When is the Late Filing Fee penalty applied?  
A. This penalty is due and payable for any report that is *not submitted* on or before April 1, 2010, and is required to be paid when the report is filed.

### EXHIBITS:

9. Q. What if I have to report data for more than one financial institution (or insurance company, or surety company) for a particular location, and need additional exhibits?  
A. Create a new exhibit that is to be submitted within the report. To do this, at the bottom of the current (blank) spreadsheet, place your mouse (pointer) over the applicable exhibit (i.e. Ex. A) and left click to identify the exhibit, then right click on your mouse to open up the available options. Left click on the 'Move or Copy' option, left click on the 'Create a copy' box, and in the 'Before Sheet' scroll box left click on the item/tab name that you want to place the new exhibit in front of. Left click the 'Ok' button. The added spreadsheet will then show as Ex A (2), etc. Rename the new exhibit with applicable identifying information by typing on the tab.

10. Q. What is meant by "Comprehensive" in the top portion of the exhibit form(s)?
- A. Comprehensive means all outstanding contracts for all years for this financial institution, insurance company, or surety company, for this specific preneed business location.
11. Q. Do all data fields have to have information input?
- A. Not all data fields will have information input, but anything with an "\*" is required to be completed with applicable data.
12. Q. What is meant by "Non-Comprehensive" in the bottom portion of the exhibit form(s)?
- A. Non-Comprehensive means that not all information pertaining to the account(s) is included in this section, and only the details of the calendar year 2009 contract sales are to be listed and detailed in this section.
13. Q. What is the 'Fee Paid (X)'? (#1 Ex. A, B & C)
- A. This column is to be marked with an 'X' if it is a *new* contract, and the fee is being included in the total amount paid with the report submission. Additional monies added to existing contracts are not subject to the contract fee and are not to be marked with an 'X'.
14. Q. What should I do if additional money is paid to an older existing contract that does not have an assigned contract number.
- A. Be sure to input all applicable data regarding the contract into the exhibit, in order to document the paper trail, but do not create a contract number, and leave the cell empty.
15. Q. Who is the 'Purchaser/Owner', and what if I don't have their current address? (#2 Ex. A, B & C)
- A. The Purchaser/Owner is the person purchasing the contract. This can be the person purchasing it for themselves, or it can be a grandparent purchasing for their grandchild, or an uncle purchasing it for a nephew, etc. If you don't have the current address, put the last known address.
16. Q. Can the beneficiary be the preneed business entity? (#3 Ex. A & B) 'Obligee name' (#3 Ex. C)
- A. No. The RIU considers the beneficiary to be any natural person specified or included in the purchase agreement, upon whose future death, the cemetery merchandise, funeral merchandise, funeral services, or a combination thereof are to be provided under the purchase agreement.
17. Q. What is the 'Contract Number'? (#4 Ex. A, B & C)
- A. Effective 7/1/2007, the contract number is the number that has been assigned to the contract by the business entity.
18. Q. What is the 'Original Date of Contract'? (#5 Ex. A, B & C)
- A. This is the date that the contract was signed by all interested parties, and went into effect.
19. Q. What is the 'Total Contract Amount'? (#6 Ex. A) 'Original Contract Amount' (#6 Ex. B) 'Total Amount of Contract' (#6 Ex. C)
- A. This is the total contract dollar amount that the contract was originally written for.
20. Q. What is the 'Contract Amount Subject to 523A'? (#7 Ex. A & C)
- A. This is the amount of the items of merchandise and services in the contract subject to Iowa Code chapter 523A.
21. Q. What is 'Payments Received This Year'? (#8 Ex. A & C, #7 Ex. B)
- A. This is the dollar amount paid on the contract for the year. Some preneed businesses accept periodic payments in lieu of full payment. This can also be additional monies paid during the year or over multiple years.

22. Q. What is ‘Amount Deposited in Trust This Year’? (#9 Ex. A) ‘Amount Covered by Surety Bond?’ (#9 Ex. C)
- A. This is the dollar amount that was deposited for the contract during the year. This is not, and does not include the amount of income that was earned on the contract. Income is not deposited into an account by the preneed seller; it accumulates, and is to be input on the top half of the exhibit.
23. Q. What is the ‘Current Balance of Account’? (#10 Ex. A) ‘End of Period Available Benefit’? (#8 Ex. B)
- A. This is the dollar amount of what your records show for the contract balance on 12/31/09 for trust funded arrangements. For insurance funded contracts it is the current amount of proceeds payable upon death.
24. Q. What is ‘Amount Withdrawn This Year’? (#11 Ex. A, #9 Ex. B) ‘Amount Removed from Bond Coverage?’ (#10 Ex. C)
- A. This is the dollar amount that has been withdrawn and/or paid out for the contract.
25. Q. What is ‘Reason Withdrawn’? (#12 Ex. A, #10 Ex. B) ‘Reason Removed’ (#11 Ex. C)
- A. This is the reason the contract money was withdrawn from the account. This *usually* is because of the death of the beneficiary. A cancellation or transfer is another frequent reason.
26. Q. What is to be input for the ‘Total’? (Ex. A, B & C)
- A. Where a column has ‘total’ at the bottom of it, that column is to be calculated for a total amount, and the amount input. If a column does not have a ‘total’ in it, a total amount does not have to have an amount calculated or input. Note: **Remember this is a report, not a balance sheet!**

#### GENERAL GUIDANCE

27. Q. Can a preneed business entity be the owner or beneficiary on a life insurance policy used to fund a preneed funeral agreement?
- A. In most cases - No. However, Iowa Code chapter 523A provides for an exception. In such case there must be documentation in the customer’s funeral home file from the agency or customer that requested the funeral home be made the owner of a customer’s life insurance policy.
28. Q. Can Annual Report filings by funeral homes, financial institutions, and life insurance companies be submitted together?
- A. Annual Report filings by funeral homes, financial institutions, and life insurance companies were always meant to be filed independently of one another. Thus, a funeral home should not delay its Annual Report filing because it is waiting for information from the respective financial institution or life insurance company. The Annual Reports are supposed to be a comparison of the business entity’s records against the financial institution or life insurance company’s records in order to eliminate any discrepancies before there is a problem. It is in the preneed seller’s best interests not to rely solely on a third party’s records for correctness.
29. Q. Do preneed deaths have to be reported?
- A. Just as a funeral home is required to report new preneed sales, you must report the withdrawal of funds at the death of a preneed customer. It is best if the preneed death records are kept separate from the at-need deaths in the in-house records and files.
30. Q. How long must preneed files be kept?
- A. Keep preneed files a minimum of three (3) years after the death of a preneed beneficiary.

31. Q. What information should be maintained on a deceased person?
- A. By rule, all customer records (including preneed and at-need purchase agreements and payment records) must be kept until three (3) years after the death.
32. Q. Can preneed death records and at-need death records be kept together in the preneed seller's files and records?
- A. It is best if the preneed death records are kept separate from the at-need deaths in the in-house records and files.
33. Q. When I have the report complete with all applicable data, and I have questions about how to upload it electronically online to the NAIC SBS Connect system as an attachment, who can I call for any questions that I have, or for any help in how to do it?
- A. The link for the SBS Connect system and a webinar demonstration is located on the Iowa Insurance Division website at [http://www.iid.state.ia.us/reg\\_industries\\_unit/prearranged\\_funeral.asp?linksback=overview](http://www.iid.state.ia.us/reg_industries_unit/prearranged_funeral.asp?linksback=overview).

**For answers to questions, or for help, in how to complete the electronic online submission process of this report, contact the SBS Help Desk at 816-783-8990 or [sbshelp@naic.org](mailto:sbshelp@naic.org).**